

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

UNITED STATES OF AMERICA)	NO. 4:17-cr-514-1
)	
)	
VS.)	Houston, Texas
)	10:54 a.m.
)	
LUIS CARLOS DE LEON-PEREZ)	July 16, 2018

RE-ARRAIGNMENT

BEFORE THE HONORABLE KENNETH M. HOYT

UNITED STATES DISTRICT JUDGE

APPEARANCES:

FOR THE GOVERNMENT:

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19 Proceedings recorded by mechanical stenography.
20 Transcript produced by computer-assisted transcription.
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P R O C E E D I N G S

(Defendant present.)

THE COURT: This is Cause Number 2017-514, the United States of America vs. Luis Carlos De Leon-Perez. So it is not for me that the bell tolls.

MR. PEARSON: Ask not, Your Honor.

THE COURT: Who is representing the United States in this matter?

MR. PEARSON: John Pearson, Robert Johnson and Sarah Edwards on behalf of the United States. Good morning, Your Honor.

THE COURT: Good morning. And representing the defendant, Luis Carlos DeLeon-Perez.

MR. RUBIO: Good morning, Your Honor. Frank Rubio and Mr. George Vila on behalf of Mr. Luis Carlos De Leon-Perez.

THE COURT: Good morning, sir.

MR. RUBIO: Good morning, sir.

THE DEFENDANT: Good morning, Your Honor.

THE COURT: And what is your name?

THE DEFENDANT: Luis Carlos DeLeon-Perez.

THE COURT: It is my understanding -- I'll speak to your lawyers first. It is my understanding that, there is, first of all, a -- maybe I should speak to the government lawyer first. There is a superseded

1 indictment -- a superseding indictment or superseding
2 criminal investigation?

3 MS. EDWARDS: Superseding information, Your
4 Honor.

10:54:54

5 THE COURT: Information. And that as a result
6 of that, Mr. De Leon-Perez is going to be entering a plea
7 of guilty, I gather, to the charge in the -- in the
8 superseding criminal information; is that correct? Is that
9 your understanding?

10:55:12

10 MS. EDWARDS: Yes, Your Honor.

11 THE COURT: Having said that, I'll turn to you,
12 counsel, and ask you whether or not you understand that to
13 be the case?

14 MR. RUBIO: That is correct, Your Honor.

10:55:22

15 THE COURT: And you will be standing and
16 speaking to the Court, Mr. Rubio?

17 MR. RUBIO: Yes, Your Honor.

18 THE COURT: Okay.

19 MR. RUBIO: Good morning again. Your Honor,

10:55:30

20 our understanding is that the government, in fact, is
21 filing a superseding information. We have received a copy
22 of that. We have reviewed that copy with Mr. De Leon and
23 we are prepared to enter a waiver of indictment --

24 THE COURT: I have got a copy of that here.

10:55:46

25 MR. RUBIO: -- which he has executed. And we

1 are --

2 THE COURT: Oh, he has already executed a copy
3 or does he need to execute a copy?

4 MS. EDWARDS: I have one right here.

10:55:54 5 THE COURT: Why don't we take this one? Just
6 go ahead and do this one.

7 MR. RUBIO: All right.

8 THE COURT: It is not a problem. We don't need
9 to look for anything.

10:56:01 10 MR. RUBIO: For the record, Mr. De Leon is
11 signing a waiver of indictment at this moment. And, Your
12 Honor, on his behalf, I have also signed as his attorney --

13 THE COURT: Very good.

14 MR. RUBIO: -- the waiver of indictment that I
10:56:30 15 indicated I previously reviewed with Mr. De Leon.

16 THE COURT: All right. Very good. Let me get
17 you to raise your right hand at this time, Mr. De Leon,
18 please, sir.

19 (Defendant sworn.)

10:56:43 20 THE DEFENDANT: Yes, I do. I swear.

21 THE CASE MANAGER: Thank you.

22 THE COURT: All right. I have got a document
23 here, Mr. De Leon, with what appears to be your signature.
24 Can you verify that that is, in fact, your signature you

10:56:57 25 placed --

1 THE DEFENDANT: Yes, I placed my signature,
2 Your Honor.

3 THE COURT: Very good. Then the Court will
4 execute the document.

10:57:02 5 MR. RUBIO: And I will represent for the record
6 that not only did I review it with him, I explained it to
7 him, the difference between an indictment and an
8 information --

9 THE COURT: Right.

10:57:14 10 MR. RUBIO: -- and what is occurring before the
11 Court.

12 THE COURT: Okay. That you did or did not?

13 MR. RUBIO: That I did.

14 THE COURT: You have done that?

10:57:22 15 We are at a juncture, Mr. DeLeon-Perez,
16 where you would normally go before the magistrate judge,
17 and in this instance, she would explain to you or state to
18 you what the charges are under the criminal information,
19 and she would take your plea, and your plea would have
10:57:47 20 probably been "not guilty" there.

21 And you would then come up here, and you
22 would then tell me you're pleading guilty to the criminal
23 information.

24 THE DEFENDANT: Yes.

10:57:58 25 THE COURT: Is that what you understood the

1 process was about to be this morning, as I understand it?
2 I might be confused, but I'm trying to make sure that you
3 are not.

4 THE DEFENDANT: No, it -- that is the process.

10:58:07

5 THE COURT: All right. And for the benefit of
6 the record, your counsel has indicated that you have talked
7 with him, consulted with him, concerning the criminal
8 information as opposed to an indictment. You recall him
9 telling you that to enter a plea of guilty, and to be

10:58:27

10 apprised of what the charges are in the criminal
11 information means that you are not being -- these charges
12 are not being presented to a Grand Jury?

13 THE DEFENDANT: He explained it to me.

10:58:39

14 THE COURT: And therefore by not presenting it
15 to a Grand Jury, you are missing or waiving the opportunity
16 to have a Grand Jury look at the information and say, no
17 crime, this charge cannot go forward. You are waiving that
18 right. Understood?

10:58:55

19 THE DEFENDANT: Yes, it is understood. My
20 lawyers discussed that to me. They explained it to me. I
21 understand.

10:59:08

22 THE COURT: And you are prepared, I gather,
23 having gone through that with him, to go forward with a
24 waiver of the criminal information -- a waiver of the
25 indictment, and enter a plea to the criminal information?

1 THE DEFENDANT: That's right, sir.

2 THE COURT: And do you understand what the
3 charge is that you are -- what the charges are, or the
4 charge -- let me just pull it forward here -- under the
10:59:24 5 superseding information that has been filed and for which
6 you will be entering a plea? What are -- what is it there
7 that you are entering a plea to?

8 THE DEFENDANT: It's for two charges. The FCPA
9 one and the money laundering conspiracy.

10:59:41 10 THE COURT: All right. I am showing here Count
11 1 being conspiracy to violate the --

12 THE DEFENDANT: Foreign --

13 THE COURT: Yes, the Foreign Corruption
14 Practices Act. That's what you understand Count 1 to be?

10:59:52 15 THE DEFENDANT: Yes.

16 THE COURT: And you understand Count 2 to be
17 conspiracy to commit money laundering, which is also a
18 violation of federal law?

19 THE DEFENDANT: Uh-huh.

11:00:00 20 THE COURT: Those are the two that you are
21 entering -- that are the subject of the superseding
22 information for which you're entering pleas of guilty?

23 THE DEFENDANT: That's correct.

24 THE COURT: And, of course, the indictment
11:00:09 25 charges something in excess of that, doesn't it, a number

1 of other charges? It's a multiple count indictment, wasn't
2 it?

3 THE DEFENDANT: The first, yes.

4 THE COURT: Yes. The indictment itself.

11:00:18

5 THE DEFENDANT: Yes.

6 THE COURT: So in lieu of entering pleas of
7 guilty or going to trial on the indictment, you're entering
8 pleas of guilty to two counts of a superseding information.

9 THE DEFENDANT: And we are modifying the

11:00:29

10 conspiracy charge that we had before to the new one.

11 THE COURT: And that's what you want to do?

12 THE DEFENDANT: Yes.

13 THE COURT: No one forced or threatened you in
14 any way to cause you to engage in this and to enter these
15 pleas?

11:00:38

16 THE DEFENDANT: No, nobody did it. It is my
17 decision. I talked a lot about that with my lawyers. We
18 had a lot of meetings. We worked on the discovery, a lot
19 of stuff. Well, we presented on you like a month before in
20 some motions. We have been, and after all that time I
21 decide to go with this way.

11:00:51

22 THE COURT: Sounds like you have answered about
23 six or eight of the questions I was about to ask.

24 THE DEFENDANT: I'm sorry.

11:01:01

25 THE COURT: So you -- no, no, no. No problem.

1 No problem. I think it is important that you be as
2 transparent as you can be with me about the process, and
3 that helps me to appreciate and the record to be cleared --
4 to be clear regarding your understanding of what this is
5 all about and what you are doing this morning.

11:01:17

6 So, let me ask a few questions. How old
7 are you?

8 THE DEFENDANT: I am 43 years old.

9 THE COURT: Let me also ask if counsel and you
10 will waive my reading the criminal information into the
11 record, and you would adopt the -- when I say adopt, I mean
12 you will accept the information that is on file as having
13 been read to you and understood by you, and you are waiving
14 your right to plead not guilty?

11:01:33

15 MR. RUBIO: Yes, Your Honor. And I had
16 explained that I thought when we were down before the
17 magistrate that we would enter a not guilty plea; however,
18 we are prepared and we do -- we have received a copy of the
19 information. We waive formal reading of the information,
20 and although we would have entered a not-guilty plea
21 downstairs, we're prepared to enter a plea to -- of guilty
22 to both counts that have been filed in the superseding
23 information before the Court.

11:01:52

11:02:07

24 THE COURT: Mr. DeLeon-Perez, you're on the
25 same page? Is that your answer as well?

11:02:22

1 THE DEFENDANT: Yes, it is.

2 THE COURT: Very good. Then having said that,
3 and having that understanding, let me ask how old are you,
4 sir?

11:02:31 5 THE DEFENDANT: 43 years old, sir.

6 THE COURT: How far did you go in school?

7 THE DEFENDANT: I did --

8 (Confers in Spanish with attorney.)

9 THE DEFENDANT: I got my bachelor in law, and
11:02:43 10 also after that I did some study, some extra study,
11 diplomat in Spanish.

12 MR. RUBIO: Equivalent to a masters, what would
13 be a masters in law, I believe, in our country.

14 THE COURT: I think I heard you say a bachelors
11:02:57 15 in law, and you have got additional studies --

16 THE DEFENDANT: Yeah.

17 THE COURT: -- will be equivalent to a masters
18 in law? Were you practicing, or teaching, or what?

19 THE DEFENDANT: I did practice law.

11:03:07 20 THE COURT: Okay. And you practiced law where?
21 Where did you practice law?

22 THE DEFENDANT: In Venezuela.

23 THE COURT: Have you ever been treated for drug
24 addiction or alcohol dependency?

11:03:24 25 THE DEFENDANT: No, sir.

1 THE COURT: Have you been treated for mental
2 illness?

3 THE DEFENDANT: No, sir.

4 THE COURT: Are you taking medication today?

11:03:29 5 THE DEFENDANT: No, sir.

6 THE COURT: You are represented by a couple of
7 attorneys, one of which stands next to you there.

8 THE DEFENDANT: Correct.

9 THE COURT: Are you satisfied with the
11:03:40 10 representation that he is providing for you in this case?

11 THE DEFENDANT: Yes.

12 THE COURT: Do you have any complaints or
13 concerns about anything he's done --

14 THE DEFENDANT: No, sir.

11:03:47 15 THE COURT: -- or is doing that you need to
16 bring to my attention?

17 You can complain to him, but I want to
18 make sure if there is something I need to know, you tell
19 me. You understand?

11:03:55 20 THE DEFENDANT: No, sir. No, sir.

21 THE COURT: Okay. Very good.

22 THE DEFENDANT: They are doing a very good job.

23 THE COURT: Very good. Counsel, you have had
24 sufficient opportunity, as you have already voiced here, to
11:04:05 25 discuss this case fairly thoroughly, and maybe fairly is

1 not descriptive, but thoroughly with your client over the
2 time, and so I need to make sure that for the record you
3 are satisfied that you had that sufficient time, and you're
4 presenting your client here for a plea, that you believe
5 that to be an appropriate thing to do at this time.

11:04:24

6 MR. RUBIO: Yes, Your Honor. Both myself and
7 Mr. Vila have represented Mr. De Leon since he was
8 incarcerated in Madrid, Spain, and went through extradition
9 proceedings that they eventually waived to get back here to

11:04:44

10 resolve his problems. We have reviewed over -- over a
11 million and a half documents. We have actually -- we're
12 attorneys in Florida. We have traveled almost on a weekly
13 basis to confer with Mr. De Leon since the inception. We
14 have reviewed the discovery. We have prepared motions,
15 some that were filed, some that were not filed because the
16 case was resolved.

11:05:05

17 We have conferred with Mr. De Leon. We
18 have reviewed the sentencing guidelines with him, and we
19 are satisfied that he understands our procedures, that he's
20 reviewed the discovery, and that he is intelligently --
21 knowingly and intelligently entering this plea.

11:05:25

22 THE COURT: And by saying "knowingly and
23 intelligently," you are also saying to the Court that as
24 far as you're concerned, he is mentally competent to enter
25 a plea or pleas of guilty to two counts, are you not?

11:05:38

1 THE DEFENDANT: That is correct, Your Honor.

2 THE COURT: Very good. All right.

3 Before I take your plea or pleas, Mr. De
4 Leon-Perez, I need to make sure of several things. First
11:06:03 5 of all, that you understand the elements of the crime. I
6 take it that you are not a citizen of the United States.

7 THE DEFENDANT: I am a citizen.

8 THE COURT: You are not?

9 THE DEFENDANT: I am.

11:06:10 10 THE COURT: You are a citizen of the United
11 States?

12 THE DEFENDANT: Yes. I was born in
13 Mississippi.

14 THE COURT: Okay. Very good. You still get
11:06:16 15 the rights under the Federal Constitution, Fourth, Fifth
16 and Sixth Amendments, in spite of the fact that you're a
17 citizen; and I say that kind of somewhat facetiously
18 because I generally -- I apologize for assuming that all of
19 your practice and seemed like part of your life has been
11:06:32 20 spent in Venezuela, or South America, and there and back
21 and forth.

22 THE DEFENDANT: In Spain.

23 THE COURT: Spain, where ever. The point is
24 that the Federal Constitution provides certain guarantees
11:06:46 25 that you are fully aware, perhaps, in your practice are

1 available to you. They are under the Fourth, Fifth and
2 Sixth Amendments to our Constitution, so I need to state
3 those for the record, and have your acknowledgment. First,
4 under the Fourth Amendment there are certain rights that
11:07:00 5 you have to, for example, speedy trial, and to require that
6 the government not transgress your Fourth Amendment right
7 to be free from unreasonable searches or seizures, not
8 bring unwarranted lawsuits of criminal conduct against you,
9 not treat you like a criminal before you're arrested and
11:07:18 10 been found to be one, by law enforcement.

11 All of those are rights under the Federal
12 Constitution that you are guaranteed. Do you understand
13 that to enter a plea of guilty means you're waiving your
14 rights under the Fourth Amendment?

11:07:30 15 THE DEFENDANT: I understand you, Your Honor.

16 THE COURT: The Fifth Amendment is your right
17 to remain silent, and not give testimony against yourself.
18 You will be testifying against yourself when you enter this
19 plea of guilty. Understood?

11:07:42 20 THE DEFENDANT: Understood.

21 THE COURT: The Sixth Amendment is your right
22 to trial by jury, and that is obviously have jurors,
23 citizens of the United States, determine whether or not the
24 government has proved its case beyond a reasonable doubt;
11:07:54 25 and failing, the charges would be dismissed.

1 When you enter a plea, you're waiving
2 that. Understood?

3 THE DEFENDANT: It is understood, Your Honor.

4 THE COURT: Is it your desire, then, to waive
11:08:04 5 your rights under the Fourth, Fifth and Sixth Amendments,
6 and enter pleas of guilty to Counts 1 and 2 of the criminal
7 information?

8 THE DEFENDANT: Yes, I decided, Your Honor.

9 THE COURT: Here is what the government needs
11:08:17 10 to prove under Count 1: First, that you are -- that as a
11 defendant, at least yourself and one other person made an
12 agreement to violate the FCPA, as charged in the
13 information; that you knew of the unlawful purpose of the
14 agreement, but joined it willfully, that is no one forced
11:08:34 15 or threatened you in any way. You did this of your own
16 free will, with the intent to further the unlawful purpose.
17 And finally that one of the conspirators, either yourself
18 or one other person, during the existence of the
19 conspiracy, knowingly committed at least one of the overt
11:08:49 20 acts described in the indictment, or in the criminal
21 information, or both, in order to accomplish some object or
22 purpose of the conspiracy. That's what the government
23 needs to prove.

24 The penalty associated with this offense
11:09:03 25 is a term of confinement. A statutory maximum penalty for

1 a violation of Count 1 is five years imprisonment, and a
2 fine -- and/or a fine not to exceed \$250,000, or twice the
3 pecuniary gain or loss, followed by a three-year -- or up
4 to three-year term of supervised release and a \$100 special
5 assessment. Have you heard that before?

11:09:24

6 THE DEFENDANT: Yes.

7 THE COURT: And you understand that's the
8 penalty associated with this offense?

9 THE DEFENDANT: Yes, I understand.

11:09:31

10 THE COURT: Count 2 charges conspiracy to
11 commit money laundering, a violation of Title 18, Section
12 1956(h), and here are the elements.

13 First, that you and at least one other
14 person made an agreement to commit money laundering as
15 charged in the information; that you knew the unlawful
16 purpose of the agreement, yet you joined it willfully, that
17 is with the intent to further the unlawful purpose.

11:09:46

18 That's -- those are the elements of the --
19 of conspiracy to commit money laundering. As a note and
20 aside, the government has informed me that a conviction for
21 conspiracy to commit money laundering under Title 18,
22 Section 1956(h), does not require proof of an overt act in
23 furtherance of the conspiracy as determined by the Fifth
24 Circuit.

11:10:08

25 So you understand that to be, apparently,

11:10:27

1 something that's in place, and not -- and you will not be
2 pushing forward in that regard? Do you understand that?

3 THE DEFENDANT: Yes, I understand that, sir.

4 THE COURT: The statutory penalty, or maximum
11:10:40 5 penalty, should I say, for a violation of Title 18, Section
6 1956(h) is imprisonment of not more than ten years and/or a
7 fine not to exceed \$250,000, or twice the amount of the
8 criminally derived property involved in the transaction,
9 whichever is greatest. Following that is a special
11:11:02 10 assessment in the amount of \$100, and certainly a term of
11 supervised release would be accompanying that charge,
12 perhaps, as well, or one that might run even concurrent
13 with -- or concurrently with a term of supervised release
14 for conspiracy to violate the FCPA.

11:11:25 15 Those are the elements of the offense, the
16 penalties associated. You have indicated that you know --
17 that you understand the elements. You have heard and
18 understand the penalties associated with this, these two
19 criminal offenses. I am going to ask if the assistant U.S.
11:11:45 20 attorney -- is it U.S. attorney or Department of Justice?
21 Which is it?

22 MS. EDWARDS: Trial attorney, Your Honor, but
23 I'll answer to whatever you call me.

24 THE COURT: All right. I'll call you assistant
11:11:55 25 U.S. attorney then. Would you, then, state for the record

1 the factual basis underlying the criminal information,
2 specifically the two counts that -- that the defendant is
3 entering a plea to, or pleas to? And, of course, I suspect
4 that that is incorporated as a part at least in some
5 respect in the plea agreement.

11:12:14

6 MS. EDWARDS: Yes, Your Honor.

7 THE COURT: So if you would listen carefully,
8 Mr. De Leon-Perez, I might have a question or two for you.
9 Proceed, counsel.

11:12:24

10 MS. EDWARDS: Your Honor, prior to 2011,
11 defendant, who was an attorney, worked for Electricidad de
12 Caracas, a public utility that supplied electricity to the
13 city of Caracas. Through this position he met or worked
14 alongside co-conspirators Nervis Gerardo Villalobos
15 Cardenas, Mr. Villalobos, and an individual identified in
16 the superseding information as Official A. During this
17 time period, through his professional activities, defendant
18 also met Abraham Jose Shiera Bastidas, Mr. Shiera, and
19 Roberto Enrique Rincon Fernandez, Roberto Rincon.

11:12:42

11:13:01

20 Between 2011 and 2013, Official A,
21 Alejandro Isturiz Chiesa, Mr. Isturiz, and Cesar David
22 Rincon Godoy, Mr. Rincon, held senior management positions
23 at Bariven S.A. Bariven is the procurement subsidiary of
24 Petroleos de Venezuela, S.A., or PDVSA. PDVSA is the
25 Venezuelan state-owned and state-controlled oil company.

11:13:23

1 PDVSA, together with its subsidiaries and
2 affiliates, was responsible for the exploration,
3 production, refining, transportation and trade in energy
4 resources in Venezuela and provided funding for other
11:13:38 5 operations of the Venezuelan government. In these
6 positions the individuals I just mentioned had the
7 responsibility for assembling and revising Bariven's weekly
8 payment proposals, which set forth the debt that Bariven
9 owed to its numerous vendors, and proposed payments of
11:13:53 10 various amounts to selected vendors and authorizing
11 payments on these proposals.

12 From in or about 2011 through in or about
13 2013, the defendant conspired with Mr. Villalobos, Isturiz,
14 Rincon, Official A and others to solicit PDVSA vendors
11:14:12 15 Roberto Rincon and Shiera for bribes and kickbacks in
16 exchange for providing assistance to Roberto Rincon and
17 Shiera in connection with their PDVSA business. Roberto
18 Rincon, a resident of the Southern District of Texas, was
19 the owner of a number of U.S.-based energy companies,
11:14:29 20 including several companies based in the Southern District
21 of Texas, which supplied equipment and services to PDVSA.
22 Shiera also owned a number of U.S.-based energy companies
23 that supplied equipment and services to PDVSA. Roberto
24 Rincon and Shiera worked together on a number of Shiera
11:14:46 25 contracts and contract bids.

1 Specifically, the group of then-current
2 and former high-level officials identified in the
3 superseding information as the management team, agreed to
4 give Roberto Rincon's and Shiera's companies payment
11:14:58 5 priority over other PDVSA vendors, ensuring that Roberto
6 Rincon's and Shiera's companies, including their U.S. based
7 companies, would get at least weekly payments on
8 outstanding PDVSA invoices, and to provide Roberto Rincon's
9 and Shiera's companies with assistance in winning future
11:15:17 10 PDVSA business. In exchange for this assistance, Roberto
11 Rincon and Shiera paid bribes, including by using wire
12 transfers from, to or through financial institutions in the
13 United States, in the amount of 10 percent of all payments
14 that Roberto Rincon and Shiera received from PDVSA to an
11:15:32 15 account in Switzerland for the benefit of the management
16 team, including the defendant, Mr. Villalobos and Official
17 A. The defendant understood that at least a portion of the
18 bribe payments being paid by Roberto Rincon and Shiera were
19 also for the benefit of then senior Venezuelan government
11:15:49 20 official identified as Official B in the superseding
21 information.

22 The defendant helped form and execute the
23 scheme. On or about early 2011, the defendant met with
24 Roberto Rincon and Shiera at the defendant's Miami-area
11:16:03 25 apartment and explained to Roberto Rincon and Shiera the 10

1 percent kickback that they would have to pay in order to
2 receive payment priority and additional purchase orders
3 from PDVSA. Soon after, the defendant, convened a meeting
4 at his Caracas apartment attended by Shiera, Roberto
5 Rincon, Villalobos, Isturiz and others. At this meeting,
6 the group discussed the management team structure,
7 payments, wires, purchase orders, and collections.

11:16:20

8 Defendant and his co-conspirators also
9 helped establish shell companies and foreign bank accounts
10 for the management team, including accounts in Switzerland.
11 In particular, the defendant served as one of two
12 beneficial owners of a bank account identified as Swiss
13 Account 1 in the superseding information that was opened in
14 Switzerland in or about September 2011 in the name of a
15 Scottish partnership with no legitimate business
16 activities, that the co-conspirators used in furtherance of
17 the bribery and money laundering scheme.

11:16:35

11:16:51

18 Defendant also exercised signature
19 authority over Swiss Account 1, which served as a "funnel"
20 account; Roberto Rincon and Shiera paid bribes either
21 directly to Swiss Account 1, or to other shell companies,
22 which then transferred the money to Swiss Account 1.
23 Defendant and others then diverted the money from Swiss
24 Account 1 into three other accounts which were for the
25 benefit of the defendant and his co-conspirators, and were

11:17:05

11:17:20

1 also held in the name of shell companies.

2 For example, in a letter dated April 19th,
3 2012, defendant instructed a partner in a Swiss wealth
4 management firm who also helped establish the management
5 team's accounts, and is identified as Swiss Banker 1 in the
6 superseding information, to transfer all commissions
7 earmarked for Swiss Account 1 into three additional
8 accounts according to the following split: 30 percent to
9 an account for the benefit of Mr. Villalobos and identified
10 in the superseding information as Swiss Account 2; 30
11 percent to an account for the benefit of the defendant and
12 identified in the superseding information as Swiss Account
13 3; and 40 percent to an account for the benefit of Official
14 A and identified in the superseding information as Swiss
15 Account 4.

16 The defendant also directed specific wire
17 transfers. For example, on January 23rd, 2012, defendant
18 directed a wire transfer from Swiss Account 1 to Swiss
19 Account 3 in the amount of \$2,940,000. In addition, on
20 February 16th, 2012, defendant authorized two wire
21 transfers from Swiss Account 1, one to Swiss Account 3 in
22 the amount of \$4,000,000, and another to Swiss Account 4,
23 in the amount of \$1,400,000.

24 Defendant also communicated with his
25 co-conspirators about the status of the bribe payments due

1 to the management team. On February 15th, 2012, Shiera
2 sent a Blackberry message to the defendant that said, as
3 translated into English: Note from my manager: Last week
4 the payment for \$322,021 was completed in two parts. One
5 is for \$121,400, and the other is for \$200,621. On the
6 other hand, this week, we are paying \$1,758,223,
7 corresponding to \$1,000,000 for the plane and \$788,255 from
8 the last collection received. The defendant replied,
9 "Okay. We have to see them anyhow."

10 Defendant also worked to ensure that
11 Roberto Rincon and Shiera received payment priority from
12 PDVSA. For example, Shiera sent the defendant a Blackberry
13 message on November 30th, 2012 referencing an upcoming
14 meeting of the management team and an outstanding invoice
15 that said, as translated into English, "Hey, brother, how
16 are you? Meeting confirmed for December 7th. We will
17 bring you up, brother. I have 20 million approved to
18 collect for this week. I'd appreciate your help with at
19 least one invoice for 15 million." Defendant replied,
20 "I'll help you with the payment, the thing about the 7th
21 I'll talk to Enano [Mr. Villalobos] and square it..."

22 In total, during the course of these
23 conspiracies, defendant and his co-conspirators laundered
24 approximately \$29,429,557.90 in bribe proceeds through
25 various financial transactions, including wire transfers

1 to, from, or through bank accounts in the United States.
2 Defendant personally obtained at least \$16,125,302.06 and
3 controlled \$18,118,783.15 in laundered funds from Roberto
4 Rincon and Shiera as a result of his role in the
5 conspiracy.

11:20:52

6 In addition, the defendant also solicited
7 and received bribes from other owners of energy companies
8 based in the United States and elsewhere in exchange for
9 his assistance in helping those individuals and their

11:21:04

10 companies win business with PDVSA and obtain payment from
11 PDVSA on outstanding invoices ahead of other PDVSA vendors.

12 Specifically, the defendant received at least \$479,547.62
13 in bribes from a U.S. citizen and resident of the Southern
14 District of Texas who owned and controlled businesses based

11:21:25

15 in the Southern District of Texas that did business with
16 PDVSA. The defendant received an unknown amount in bribes
17 from another resident of the Southern District of Texas,
18 who owned and controlled businesses based in the Southern
19 District of Texas that did business with PDVSA; and an

11:21:39

20 unknown amount of bribes from a resident in Florida who
21 owned and controlled businesses based in the United States
22 that did business with PDVSA.

23 THE COURT: All right. Did you hear that,
24 Mr. De Leon?

11:21:49

25 THE DEFENDANT: Yes, I heard.

1 THE COURT: Are those facts true?

2 THE DEFENDANT: Yes, they are.

3 THE COURT: All right. Counsel, do you know of
4 any reason why your client should not enter a plea of
5 guilty to the Count 1, conspiracy to violate the FCPA?

11:22:05

6 MR. RUBIO: No, Your Honor.

7 THE COURT: Do you know of any reason why he
8 should not plead guilty to conspiracy to commit money
9 laundering, a violation of Title 18, Section 1956(h)?

11:22:22

10 MR. RUBIO: No, Your Honor.

11 THE COURT: I ask you, then, to the charge of
12 conspiracy to violate the FCPA, a violation of Title 18,
13 Section 371, how do you plead to that charge, guilty or not
14 guilty?

11:22:38

15 THE DEFENDANT: Guilty.

16 THE COURT: To the charge of conspiracy to
17 commit money laundering, violation of Title 18, Section
18 1956(h), how do you plead to that charge, guilty or not
19 guilty?

11:22:49

20 THE DEFENDANT: Guilty, Your Honor.

21 THE COURT: You have entered into a plea
22 agreement with the government, I believe, in this matter.
23 I am going to ask if that would be summarized. And, of
24 course, that should be a written document that you all
25 have, or will be executing. So listen carefully again.

11:23:00

1 MS. EDWARDS: Your Honor, the terms of the plea
2 agreement are that the defendant agrees to plead guilty to
3 Counts 1 and 2 of the superseding information which, as you
4 have discussed with the defendant, are conspiring to
5 violate the Foreign Corrupt Practices Act in violation of
6 Title 18, United States Code, Section 371; and conspiring
7 to commit money laundering in violation of Title 18, United
8 States Code, Section 1956(h) and Section 1957.

9 The United States agrees at sentencing not
10 to oppose the defendant's anticipated request for a
11 three-level downward departure pursuant to the United
12 States Sentencing Guidelines, Section 3E1.1, should the
13 defendant accept responsibility as contemplated by the
14 sentencing guidelines.

15 The parties -- excuse me.
16 (Counsel confer off the record.)

17 MS. EDWARDS: I am going to summarize the terms
18 of the agreement.

19 MR. VILA: Judge, may we have a sidebar,
20 please, just concerning a matter with the -- with the plea
21 agreement?

22 THE COURT: Sure. Does your client need to
23 step back?

24 MR. PEARSON: Your Honor, we just need one
25 minute. We can work this out.

1 THE COURT: Oh, okay. Well, you can stand and
2 you-all will step back. Okay. That's fine.

3 (Counsel confer off the record.)

4 THE COURT: All right. Where are we?

11:24:41

5 MS. EDWARDS: I believe, I had just let Your
6 Honor know that we weren't going to oppose the defendant's
7 request for a three-level departure downward --

8 THE COURT: Sure.

11:24:52

9 MS. EDWARDS: -- should he accept
10 responsibility. The plea agreement includes the standard
11 appellate waiver and the defendant also agrees to forfeit
12 between \$16,125,302, and \$18,118,783 by money judgment.
13 The United States will administratively forfeit an
14 additional \$479,547.62.

11:25:16

15 THE COURT: And, of course, you don't waive
16 your right to seek or ask for whatever you think is the
17 appropriate punishment at the time of sentencing, correct?

18 MS. EDWARDS: Correct.

11:25:29

19 THE COURT: Okay. Does that sound like it's
20 the terms and conditions of the plea agreement as you
21 understand them, Mr. De Leon-Perez?

22 THE DEFENDANT: Yes, Your Honor.

11:25:45

23 THE COURT: Anyone promise you any other
24 concessions or agreements beyond those that are in the
25 written document, or what you heard here in court?

1 THE DEFENDANT: No, Your Honor.

2 THE COURT: Specifically, no one has promised
3 you they are going to pardon you or give you any special
4 treatment after this matter is over with, correct?

11:25:55

5 THE DEFENDANT: No. No, sir.

6 THE COURT: In other words you are not relying
7 upon it even if it did, right?

8 THE DEFENDANT: No, Your Honor.

11:26:02

9 THE COURT: Okay. As a basis for entering the
10 pleas, is what I mean.

11 THE DEFENDANT: (Nodding.)

12 THE COURT: So let me tell you -- let me ask
13 you, then, if you would take a look. Do you have the
14 written document there?

11:26:13

15 MS. EDWARDS: Yes, Your Honor.

16 THE COURT: Would you all take a look at that.
17 And, Mr. De Leon-Perez, if you would verify that that is
18 the document that you discussed with your attorneys, that
19 you intend to sign off on it, and then go ahead and sign
20 off on it if you have not already, and when you all are
21 done with that, if -- Mr. Rubio, if you would pass it up to
22 the clerk of the Court.

11:26:25

23 MR. RUBIO: Yes, Your Honor.

24 Your Honor, for the record, the defendant
25 is signing the plea agreement at this time before the

11:26:46

1 Court.

2 THE COURT: Thank you very much.

3 THE DEFENDANT: Not my best sign.

4 (Plea agreement executed by defendant.)

11:27:55 5 THE COURT: All right. Mr. Rubio, if you would
6 pass those to the clerk of court, we will take your
7 client's affirmation on those documents, or on his
8 signature on the document as the next item.

9 THE CASE MANAGER: Yes, Your Honor.

11:28:52 10 THE COURT: All right, sir. If you would raise
11 your right hand and affirm the signature on the document,
12 please, sir.

13 THE CASE MANAGER: Have you read or has someone
14 read to you the plea agreement form which you have just
11:29:04 15 signed?

16 THE DEFENDANT: Yes, I do. I have read it.

17 THE CASE MANAGER: Are the matters and things
18 contained in the form true and correct, to the best of your
19 knowledge.

11:29:11 20 THE DEFENDANT: Yes, they are true and correct
21 at the best of my knowledge.

22 THE CASE MANAGER: Have you signed it of your
23 own free will?

24 THE DEFENDANT: Yes, I did.

11:29:18 25 THE CASE MANAGER: Thank you.

1 THE COURT: You may lower your hand. Thank
2 you, sir.

3 Based on your plea of guilty to Count 1
4 and plea of guilty to Count 2 of the superseding criminal
11:29:27 5 information, the Court makes the following findings:
6 First, that you're mentally competent to enter this plea of
7 guilty, that a factual basis exists for the indictment as
8 well as the superseding criminal information that you are
9 now opting to enter pleas of guilty to; that you are
11:29:43 10 entering these pleas of guilty freely and voluntarily,
11 understanding the nature of the charges pending against you
12 and the consequences of entering these pleas of guilty to
13 Counts 1 and 2.

14 Based upon your plea of guilty to Count 1
11:29:57 15 of the superseding information, the Court finds you guilty
16 as charged in the -- in the document that is the plea
17 documents; based on your plea of guilty to Count 2, the
18 Court finds you guilty as charged in the plea documents.

19 The Court is going to set this -- I think
11:30:14 20 I gave you my date back -- sometime in September, probably.

21 THE CASE MANAGER: Yes, Judge.

22 THE COURT: The Court is going to set this case
23 for sentencing September 24. Yes. September 24 at 10:00
24 a.m.

11:30:27 25 A presentence investigation report will be

1 prepared by the probation office and, of course, if that
2 date gets moved, then you will be the first to know and, of
3 course --

4 THE DEFENDANT: Okay.

11:30:39

5 THE COURT: -- we will then reset it, but that
6 is the date that you will be making an appearance back
7 before the Court.

11:30:54

8 It is my understanding that the parties
9 have entered into an agreement to -- to permit bond for
10 Mr. De Leon-Perez. Is that correct for the government?

11 MS. EDWARDS: That is correct, Your Honor.

12 THE COURT: All right. Mr. De Leon, I have
13 some questions I need to ask and get your understanding.

11:31:07

14 Is it your understanding that the
15 government has entered into a plea -- not a plea -- entered
16 into an agreement with you on your motion for a bond. Is
17 that your understanding?

18 THE DEFENDANT: Yes, I understand that.

11:31:18

19 THE COURT: Do you understand that the amount
20 that the government has agreed to is a 10 percent cash
21 against a \$250,000 bond?

22 THE DEFENDANT: Yes, I understand that, sir.

23 THE COURT: Is it your understanding that you
24 will be submitting to electronic monitoring?

11:31:32

25 THE DEFENDANT: Yes, I understand that, sir.

1 THE COURT: And do you also understand that you
2 are on home confinement? And what that means, meaning that
3 you are to be at home except in specific circumstances, one
4 of which is the visitation with your attorneys, if
11:31:47 5 necessary, or them taking you to locations that they need
6 to take you to, all of which needs to be prompt --
7 probation needs to be prompted about.

8 For example, especially if you have to
9 leave the Southern District of Texas in order to accomplish
11:32:02 10 some defensive thing that they would like for you to do, or
11 even if it's the government who is asking you to make this
12 move, you would need to prompt your -- your probation
13 officer that you are -- that you are on the move in some
14 respect. Do you understand?

11:32:16 15 THE DEFENDANT: I will do it. Yes, I
16 understand and I will do it.

17 THE COURT: Yes. And as relates to any medical
18 conditions or any emergency that might arise, you certainly
19 have the right to be absent from your home at that time.

11:32:27 20 Do you live at 540 Pinehaven here in
21 Houston?

22 THE DEFENDANT: Yes, I do.

23 THE COURT: Is that the address where you will
24 be residing during the course --

11:32:37 25 THE DEFENDANT: Yes, it is, Your Honor.

1 THE COURT: You have or have you already not
2 surrendered your passports and other travel documents?

3 THE DEFENDANT: I have.

4 THE COURT: Are you prepared to do that? All
11:32:46 5 right. Do you also understand that you are not to possess
6 any firearms, or ammunition, or destructive devices in your
7 home during the course of this -- this bond?

8 THE DEFENDANT: No, I don't have any of that.
9 I don't have.

11:33:00 10 THE COURT: Yeah. But I don't want anybody
11 else to have it.

12 THE DEFENDANT: I am not going to have it.

13 THE COURT: I don't want anybody else to have
14 them there either.

11:33:05 15 THE DEFENDANT: No, nobody else will have it.

16 THE COURT: Okay. Very good. And as well, if
17 there is a need for medication, it should be prescribed by
18 a physician who is licensed to prescribe the medication,
19 not just some guy who claims to be a doctor; and you
11:33:20 20 understand that those are the only drugs permitted, and
21 that information should be made available to the probation
22 officer?

23 THE DEFENDANT: I understand that.

24 THE COURT: You're not to travel outside the
11:33:31 25 Southern District of Texas except as it may be required to

1 travel, I think, specifically here they say Washington,
2 D.C. for related case purposes. That's what we're talking
3 about when we say outside the home. Correct?

4 THE DEFENDANT: This is correct.

11:33:46

5 THE COURT: And should not have contact with
6 any co-defendant. You know who those co-defendants are.
7 You are not to have any contact with them. If there is
8 contact necessary, your lawyer will do all of that as it
9 relates to the proper way of doing it. You understand

11:33:59

10 that?

11 THE DEFENDANT: I know who are all my
12 co-defendants, Your Honor.

13 THE COURT: All right. Thank you very much.
14 And as well, not just co-defendants, but there also may be
15 witnesses that you believe or know to be potential
16 witnesses in the case. You are not to make contact with
17 them as well.

11:34:08

18 THE DEFENDANT: I will not.

19 THE COURT: And if pretrial services requires
20 you to report in at a certain time and in a certain way,
21 you understand you're obligated to do that?

11:34:19

22 THE DEFENDANT: Yes, I understand that.

23 THE COURT: Are there any other conditions or
24 concerns that the government might have?

11:34:30

25 MS. EDWARDS: No additional specific

1 conditions, Your Honor. Just the usual.

2 THE COURT: These are the specific conditions.
3 There may also be some general conditions. What I am going
4 to have to do is send you back to the magistrate judge so
11:34:43 5 you can sign off on the appropriate documents. And these
6 conditions are specific conditions that the Court is
7 putting in place, can be included in that. This is a
8 record here being kept of it, but whether they write them
9 in, or attach them in some way, you have acknowledged here
11:34:59 10 while under oath that these are the conditions under which
11 you understand your release will be conditioned. Correct?

12 THE DEFENDANT: Yes, I understand that.

13 THE COURT: Counsel do you know of any reason
14 why the Court shouldn't add something else to this list?

11:35:11 15 MR. RUBIO: No, Your Honor.

16 THE COURT: All right. All right. Anything
17 else?

18 MS. EDWARDS: Nothing further from the
19 government. Oh, I'm sorry, Your Honor, I believe we need
11:35:24 20 to apprise the defendant of his appellate rights if he
21 chooses.

22 THE COURT: Well, he is not ready to appeal
23 yet.

24 MS. EDWARDS: Thank you.

11:35:31 25 THE COURT: Unless you are going to appeal the

1 bond.

2 MR. RUBIO: No, Your Honor.

3 MS. EDWARDS: I'm sorry, Your Honor.

4 THE COURT: Because I am going to wait until

11:35:36

5 you're sentenced, and then you can decide if you want an
6 appeal and see if that violates the terms and conditions of
7 your agreement. Yeah.

8 THE DEFENDANT: Okay.

9 THE COURT: Anything else, counsel?

11:35:44

10 MR. RUBIO: No, Your Honor.

11 THE COURT: All right. Thank you very much.
12 Counsel, you may be excused.

13 Mr. De Leon-Perez, you are going to be
14 returned to -- I believe, Judge Palermo may be doing the --
11:35:57 15 the bond information, but you can't do it until 2:00, I
16 understand. So at 2:00 you will be taken there for these
17 purposes. By that time the paperwork will have caught up
18 to that location, in any event and, of course, once those
19 bond documents are prepared and are posted, you're going to
11:36:17 20 be released for that purpose.

21 THE DEFENDANT: Thank you, sir.

22 MR. RUBIO: Thank you, Judge.

23 THE COURT: Anything else? Do you have any
24 questions?

11:36:24

25 THE DEFENDANT: No.

1 THE COURT: Any questions, counsel?

2 MR. RUBIO: No, Your Honor. Thank you very
3 much.

4 THE COURT: Thank you very much. You may be
11:36:30 5 excused. Have a good day.

6 You do have, I believe, the September 24
7 date.

8 MR. RUBIO: I'm sorry?

9 THE COURT: You do have the sentencing date. I
11:36:36 10 think we gave you that document.

11 MR. RUBIO: I do, Judge.

12 THE COURT: Very good. Thank you. Have a good
13 day, gentlemen, lady.

14 By the way, you all didn't give me an
11:36:54 15 order on that motion, did you?

16 MR. JOHNSON: No, Your Honor. We can submit an
17 agreed order.

18 THE COURT: Yeah. The reason I am asking is
19 the agreed order might need to go through counsel or at
11:37:03 20 least whatever. I might need to sign it. I don't know,
21 Judge Palermo -- I don't know how she is going to go about
22 incorporating these conditions into the bond, but whatever
23 facilitates it, help her out.

24 MR. PEARSON: I think our plan had been to
11:37:15 25 orally advise her, but we are happy to follow up with

1 something in writing, Your Honor.

2 THE COURT: If she requires it. Thank you very
3 much.

4 (Concluded at 11:37 a.m.)

5 COURT REPORTER'S CERTIFICATE

6
7 I, Kathleen K. Miller, certify that the foregoing is a
8 correct transcript from the record of proceedings in the
9 above-entitled matter.

10

11 DATE: July 24, 2018 /s/ Kathleen K. Miller, RPR, RMR, CRR
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